

NOTICE TO OFFERORS
REQUEST FOR PROPOSALS (RFP-HCDA 01-2017)

The Hawaii Community Development Authority ("HCDA"), on behalf of the Honuakaha Limited Partnership and AOA, invites proposals from qualified Offerors to enter into a contract for the operation and management of the Honuakaha Affordable Housing Complex, located on the island of Oahu. Copies of the RFP shall be made available as follows, beginning March 10, 2017:

1. A copy of the RFP can be reviewed and downloaded by accessing the State Procurement Office (SPO) website page at: <http://hawaii.gov/spo/notices> or at the HCDA website at: www.hcdaweb.org. **It is the responsibility of interested Offerors to monitor the SPO or HCDA websites for any addenda(s) issued by the HCDA.**
2. Hard copies of the RFP are also available for viewing and purchase at the HCDA office between the hours of 8:30 a.m. to 4:00 p.m., Monday through Friday, except for State holidays. A fee of \$25.00 per copy will be assessed for administrative and printing costs. The HCDA office is located at 547 Queen Street, Honolulu, Hawaii.

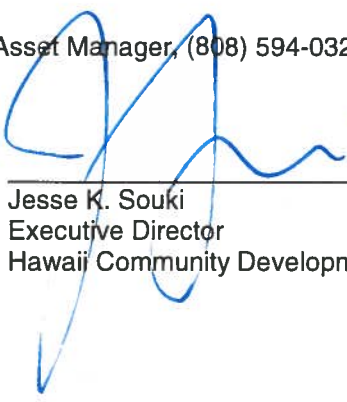
An informational conference and site tour, attendance at which is optional, will be held on March 17, 2017 at 10:00 AM (HST) at the HCDA office to answer any questions pertaining to this RFP. A brief site tour of Honuakaha will follow. Deadline for written inquiries to the HCDA is 4:00 PM (HST) on March 27, 2017.

One (1) original and three (3) copies of each proposal(s) are due and must be received by the HCDA on or before 1:00 PM (HST) on April 10, 2017. The Proposal(s) shall be accompanied by an Offer Form(s) as designated in the RFP. Proposals should be mailed or hand delivered to:

Honuakaha Limited Partnership
c/o Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

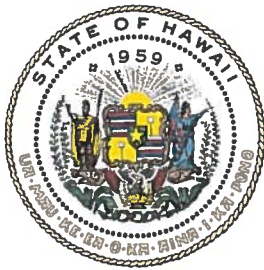
The HCDA reserves the right to amend this RFP by written addenda, to amend the schedule provided herein, or to reject any and all proposals where the HCDA deems it is in the best interest of the State of Hawaii.

For more information, contact Ms. Lindsey Doi, Asset Manager, (808) 594-0328.



Jesse K. Souki
Executive Director
Hawaii Community Development Authority

Advertised: March 10, 2017
Internet Posting at www.spo.hawaii.gov
HCDA website at www.hcdaweb.org



Hawaii Community Development Authority

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII

Legal Ad Date: March 10, 2017

REQUEST FOR PROPOSALS No. RFP-HCDA 01-2017

COMPETITIVE SEALED PROPOSALS FOR

**Property Management Services for
Honuakaha Affordable Housing Complex**

WILL BE RECEIVED UP TO 1:00 P.M. (HST) ON

April 10, 2017

AT THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY, 547 QUEEN STREET, HONOLULU, HAWAII 96813. DIRECT QUESTIONS RELATING TO THIS SOLICITATION TO LINDSEY DOI, TELEPHONE (808) 594-0300, FACSIMILE (808) 587-0299 OR E-MAIL AT contact@hcdaweb.org.



Jesse K. Souki
Executive Director
Hawaii Community Development Authority



Name: **LELAND REAMES**
President
Honuakaha AOAO

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SECTION ONE

INTRODUCTION AND SIGNIFICANT DATES

1.01 TERMS AND ACRONYMS USED HEREIN

Honuakaha LP	= Honuakaha Limited Partnership c/o Hawaii Community Development Authority State of Hawaii 547 Queen Street Honolulu, Hawaii 96813
HCDA	= Hawaii Community Development Authority, General Partner for Honuakaha LP and is a public corporate entity attached to the State of Hawaii's Department of Business, Economic Development & Tourism
AOAO	= Association of Apartment Owners of Honuakaha c/o Hawaii Community Development Authority State of Hawaii 547 Queen Street Honolulu, Hawaii 96813
Management Agent	= Any individual, partnership, firm, corporation, joint venture, or representative or agent, awarded a contract as a result of this solicitation
Offeror	= Any individual, partnership, firm, corporation, joint venture, or representative or agent, submitting an offer in response to this solicitation
Project =	Honuakaha Affordable Housing Complex, comprising of the Honuakaha Elderly Housing Apartments and the Honuakaha Condominium Complex
LIHTC	= Low-Income Housing Tax Credit Program
HRS	= Hawaii Revised Statutes
HAR	= Hawaii Administrative Rules
RFP	= Request for Proposals
SPO	= State Procurement Office, State of Hawaii
GET	= General Excise Tax
IRS	= Internal Revenue Service
HUD	= U.S. Department of Housing and Urban Development
Tenant	

	=	Renter of a unit located within the Honuakaha Elderly Housing Apartments
Owner	=	Owner of record of a unit located within the Honuakaha Condominium Complex
Resident	=	Owner, Tenant and any of Owner's and Tenant's household member/s

1.02 INTRODUCTION

The HCDA serves as the general partner in the Honuakaha LP. Honuakaha LP owns the Project which is outlined below.

The HCDA also owns and manages two units within the Honuakaha Condominium Complex: the American Brewery Building ("ABB") and the Commercial Unit.

The AOA is comprised of the owners of the 96 condominium units within the Honuakaha Condominium Complex, including the HCDA.

Honuakaha Affordable Housing Complex (completed in 1995)

The Honuakaha Affordable Housing Complex includes the following:

- **Honuakaha Elderly Housing Apartments**
 - 150 rental units for moderate income seniors (minimum age 62),
 - 1 Resident manager unit, and
 - 38 parking stalls reserved for senior renters.
- **Honuakaha Condominium Complex**
 - 93 individual affordable apartment units owned in fee simple by members of the general public,
 - 1 condominium unit owned by the AOA (Office on the 1st floor),
 - 1 Commercial unit owned by the HCDA (American Brewery Building, headquarters of the HCDA Office and approximately 18,000 square feet), and
 - 1 Commercial unit owned by the HCDA and leased out privately (Office space located on Queen street, approximately 1,340 square feet).

This RFP is to select a qualified and experienced Offeror for the operation and management of the Project, including the Honuakaha AOA as well as the LIHTC project known as Honuakaha Elderly Housing Apartments, .

In addition, the Managing Agent will be responsible for the maintenance and management of all common areas located in the Project and the parking garage.

1.03 CONTRACT TERM AND SCHEDULE

The contract performance period includes one thirty-six (36) month base period and two (2) twelve-month option to extend periods.

Schedule

Advertising of Request for Proposals:	March 10, 2017
(a) RFP hardcopy available at the following location: HCDA, 547 Queen Street, Honolulu, Hawaii 96813	
(b) Requested by: Telephone (808) 594-0300 Email: contact@hcdaweb.org	
(c) State Procurement Website: https://hiepro.ehawaii.gov	
Informational Conference & Site Tour of Honuakaha Location: HCDA 547 Queen Street Honolulu, Hawaii 96813	March 17, 2017 10:00 AM
Deadline to Submit Formal Written Inquiries: HCDA 547 Queen Street Honolulu, HI 96813 Email: contact@hcdaweb.org	March 27, 2017 4:00 PM
Response to Written Inquiries and Addenda Deadline	March 31, 2017 4:30 PM

Proposals Due: HCDA 547 Queen Street Honolulu, Hawaii 96813	April 10, 2017 1:00 p.m.
Anticipated Contract Start Date	May 1, 2017

1.04 OFFICIAL CONTACT PERSON

The Official Contact person for all communications regarding this RFP is:

Ms. Lindsey Doi, Asset Manager
 Hawaii Community Development Authority
 547 Queen Street
 Honolulu, Hawaii 96813
 Phone: (808) 594-0300
 Fax: (808) 587-0299
 Email: contact@hcdaweb.org

SECTION TWO

BACKGROUND AND PURPOSE

2.01 BACKGROUND

This contract is designed to capture industry best practices and establish an owner-property manager relationship patterned after similar arrangements common in the private sector. Honuakaha LP and AOA expects this relationship will help streamline its operations, reduce costs, and provide improved services to the individuals and families residing in the Project.

One of the challenges for the management of Honuakaha Elderly Housing Apartments is the IRS compliance requirements for the low-income housing program. In administering the program, the Hawaii Housing Finance and Development Corporation ("HHFDC") engages the services of a third party auditor to conduct annual audits of both the physical condition and record keeping compliance for Honuakaha Elderly Housing Apartments.

The Management Agent shall provide all labor, supervision, technical services, tools, materials, equipment, transportation and management required for the operation, maintenance and repair of the Project by a firm-fixed Price.

The Management Agent shall have personnel stationed at the Project with full authority to provide the necessary resources to meet all requirements of this contract. Management Agent shall provide sufficient staff to achieve fully satisfactory performance under this contract.

This solicitation is for a performance-based fixed-price contract with firm fixed price line items. No attempt is made to prescribe for the Offeror how the work will be performed, but rather what is needed to be accomplished and to ensure that industry standards are applied consistently. Honuakaha LP and AOA intend to focus on performance results through measurements of cost, timely completion, and customer satisfaction. Intensive quality assurance oversight is not envisioned for this contract. Instead, Honuakaha LP and AOA expect the Management Agent to fully execute its business practices consistent with quality standards and will judge performance on the basis of outcome.

In line with industry practice, Honuakaha LP and AOA intends for the Management Agent to use the fixed price portion of this contract as an annual budget target, using professional judgment to adjust expected costs as necessary. Standard Management Agent monthly cost reports will enable Honuakaha LP and AOA to evaluate the financial vitality of this contract, and mutually address financial issues as they arise.

The Management Agent will be required to manage maintenance and selected services as part of its basic responsibilities covered under this contract.

The Management Agent will be selected based on a scoring of pricing, management experience, qualifications in administering compliance with the Federal Section 42 and the State Rental Assistance Program, depth of services and service proposal.

The contract term shall be for **thirty-six months** commencing at the contract start date. The planned date for commencing operations is **May 1, 2017**. Unless terminated, Honuakaha LP and AOA, and the Managing Agent may renew the Contract and extend the term for an additional twenty-four (24) month period or any portion thereof without the necessity of re-bidding. The contract price paid to the Managing Agent for the extended period shall remain as specified in the Offeror's proposal.

Offerors are encouraged to visit the Project and inspect the premises including a representative sample of units during the Informational Conference and Site Tour on March 17, 2017 at 10:00 a.m. at the HCDA office, 547 Queen Street, Honolulu, Hawaii 96813. Based on that visit and instructions contained in this RFP, the Offeror will prepare a management plan as set forth in the Offer Proposal. That plan, accompanied with a proposed price for accomplishing the maintenance and management of all **151 Honuakaha Elderly Housing Apartment units and 96 Condominium Units, plus all common areas and the parking garage** will become the basis for the final fixed price for the Contract.

2.02 PURPOSE

The Purpose of this RFP is to obtain the services of a property management firm to operate and maintain the Project as listed below:

Project Name	Location	Description
Honuakaha Elderly Housing Apartments	545 Queen Street	141 studio units and 10 1-bedroom units
Honuakaha Condominium Complex	545 Queen Street	96 units, plus common areas and parking garage

Honuakaha LP and AOA will contract a Management Agent to perform the day-to-day property management responsibilities with the following objectives:

1. Maintain the overall physical appearance and structure of the Project, including the maintenance and upkeep of all common areas,
2. Maintain individual Honuakaha Elderly Housing Apartments apartments,
3. Provide a secure living environment, emphasizing control of incidents of crime, vandalism, rule violation and nuisance behavior,
4. Maintain good communications between Tenants, Owners, Residents and Management Agent,
5. Encourage resident participation and involvement in Project operations and management,

6. Encourage resident pride in Project through improved maintenance,
 7. Maintain rent delinquencies at a level of 2% or below for Honuakaha Elderly Housing Apartments,
 8. Maintain vacancy rate at less than 2% for Honuakaha Elderly Housing Apartments,
 9. Enable Honuakaha LP to achieve a High Performer rating under the Standard One rating under HUD's Uniform Physical Conditions Standards by maintaining Honuakaha Elderly Housing Apartments in the following areas: (a) Physical Condition; (b) Financial Condition (includes LIHTC rules and regulations); (c) Management Operations; and (d) Resident Service and Satisfaction,
 10. Maintain maintenance fee delinquencies at a level of 1% or below for Honuakaha Condominium Complex,
 11. Maintain a good community image and encourage resident involvement in support of the Project in the community, and
 12. Maintain a cost efficient management and operations program for the Project.
-

SECTION THREE

SCOPE OF WORK AND SPECIFICATIONS

Offeror, in accordance with attached Property Management Agreement, and Management Plan, shall abide by the requirements as specified herein, comply with all instructions relating to the management and maintenance of the Project and its premises that may be issued from time to time by Honuakaha LP and AOA, and adhere to all operating policies that have been or may be adopted and promulgated by Honuakaha LP and AOA. With respect to new instructions and policies, Offeror shall have the right to submit recommendations to Honuakaha LP and AOA prior to their issuance or adoption or to recommend subsequent changes.

Offeror shall not subcontract any of the work to be performed under this Contract nor shall it assign any interest in this Contract to any person or firm without the prior written consent of Honuakaha LP and AOA, and any subcontract or assignment made without such prior written consent shall be null and void. No subcontract or assignment shall, under any circumstances, relieve Offeror of its obligations under this Contract.

3.01 ACCOUNTING AND FISCAL SERVICES

The Managing Agent will perform the following fiscal services for the Project including, but not limited to:

- A. Develop separate operating budgets for each twelve (12) month term of this agreement subject to Honuakaha LP and AOA approval, using a format as specified by Honuakaha LP and AOA. Furthermore, Management Agent's operations shall conform to the approved operating budget during the term of the agreement;
- B. Record all Project accounting transactions and submit all input data pertaining to Tenants' rents, Residents' maintenance fees, excess charges, past due charges, and maintenance charges to Honuakaha LP and AOA. All Tenants and Owners will be billed once per month by the Management Agent;
- C. Maintain Tenant and Resident files and ledgers with records of all accounting transactions, including collections and billing statements, security deposits, key deposits, and as necessary, a running balance on each account;
- D. Make appropriate charges for damage to any unit by inspecting unit with the Tenant prior to vacating, and submit any such charges to be deducted from the security deposit or to be billed to the tenant or request to Honuakaha LP for security deposit refund processing;
- E. Make appropriate charges for damages to any unit or common area by inspecting such unit and common area. Report and submit any such charges to be billed to the appropriate owner;
- F. Abide by the procurement policies and procedures established by Honuakaha LP for matters relating to Honuakaha Elderly Housing Apartments;
- G. Abide by the the procurement policies and procedures established by AOA for matters relating to the Honuakaha Condominium Complex;

- H. Coordinate the approved subcontracting of Honuakaha LP and AOA approved services to the Project following Honuakaha LP and AOA procurement rules and regulations and will obtain Honuakaha LP and AOA approval for all Project purchases in excess of \$500;
- I. Adhere to the spirit of the State Procurement policies when engaging with vendor and product selection, such as soliciting a minimum of three (3) bids based on dollar thresholds that are to be periodically provided by Honuakaha LP and AOA;
- J. Pay expenses for Project's operations. Make appropriate purchases of goods and services for express and specific uses at the Project, as authorized by the approved budget and in accordance with any Honuakaha LP and AOA purchasing limitations;
- K. Make all payments of salaries, wages, benefit contribution, and payroll taxes to or on behalf of Management Agent's staff, and maintain all payroll records of employees of Management Agent's staff, vendors, and contractors;
- L. Prepare all financial reports and tax returns required to be filed with Federal and State regulatory or administrative agencies. Honuakaha LP tax returns are required to comply with Federal and State LIHTC and Federal and State tax laws. These reports shall include but are not limited to Federal Income Tax Returns, State Franchise Tax Returns, State Excise Tax Returns, HHFDC and Federal tax reports;
- M. Respond to findings of any independent audit of Honuakaha Elderly Housing Apartments (i.e. compliance monitoring for LIHTC) by submitting a corrective action plan and implementing the plan, if applicable;
- N. Create any or all new recording forms to provide informational and support data required by Honuakaha LP or AOA, in such a manner that all input will be easily transferable to Honuakaha LP or AOA reporting and recording forms or that shall be otherwise acceptable to Honuakaha LP or AOA;
- O. Provide additional data requested by Honuakaha LP or AOA utilizing current staff and personnel power. Special studies or surveys requiring pertinent expertise requested by Honuakaha LP or AOA shall not be deemed additional data;
- P. Maintain a contact file for all vendors and contractors, including verifying that they are in compliance with the rules and regulations of Federal, State and County governments, pertaining to licensing, payment of General Excise Tax, etc.; and
- Q. Make all records concerning the Project available to Honuakaha LP and AOA, during normal business hours, as requested.

3.02 APPLICATION, SELECTION AND PLACEMENT FOR HONUAKAHA ELDERLY HOUSING APARTMENTS

Management Agent is responsible for assigning occupants to all Honuakaha Elderly Housing Apartment units. This entails:

- Maintaining a waiting list;

- Notifying members when units are to become available; and
- Establishing a process with the Resident Manager for effective communication to minimize unit vacancy.

Management Agent shall determine the eligibility of elderly housing applicants in accordance with all tenant selection policies instituted by Honuakaha LP and in compliance with all applicable Rules and Regulations. Management Agent shall certify compliance with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973 as Honuakaha LP's agent of LIHTC for the Honuakaha Elderly Housing Apartment. Management Agent shall also be responsible for providing the following services:

- A. Accept applications from prospective Tenants;
- B. Tenant selection in conformance with the tenant selection criteria established in Title 15 Chapter 190, Hawaii Administrative Rules, and the Fair Housing Law (Title VIII of the Civil Rights Act of 1968), which provides guidelines for admissions to and the continued occupancy of Federally-assisted housing projects;
- C. Establish a process with Honuakaha LP for effective communication to minimize unit vacancy. Applicants should be processed for placement on a timely basis in order to maintain vacancies at a level of no higher than 2%;
- D. Conduct a walk-through unit inspection with new Tenants prior to or at the time of placement;
- E. Orient new Tenants and Residents on rules and regulations, financial responsibilities, facilities and services available;
- F. Maintain a list of family members residing in each unit;
- G. Evaluate Tenant requests for transfer to other projects, and where necessary prepare requests to the required entity.
- H. Prior to any Tenant vacating their unit, an inspection shall be conducted by the Management Agent with the Tenant present and Management Agent shall collect from the Tenant the keys to the unit;
- I. Acknowledge any deficiencies that may require correction;
- J. Turn over keys and maintain the key registry (The property manager must be bonded for the handling of resident's keys and for entering units when residents are not present.)

3.03 INCOME RE-EXAMINATION FOR HONUAKAHA ELDERLY HOUSING APARTMENTS

The Management Agent shall perform the following services to ensure that Honuakaha Elderly Housing Apartments continues to meet eligibility requirements of the LIHTC:

- A. Conduct re-examinations of Tenant eligibility and rent determination within 12 months of the previous certification in accordance with the program's policies and procedures;

- B. A supervisor employed with the Management Agent shall review 5% of all re-examinations conducted and submit a monthly log to Honuakaha LP and correct or adjust any part of the re-examination as requested by Honuakaha LP. This supervisor shall not be the same individual conducting the review of the other 95% of re-examinations;
- C. Upon completion of the Tenant re-examination, Management Agent shall adjust Tenant rent in accordance with the program's policies and procedures;
- D. Evaluate eligibility status and update income and rent level on each Tenant's record on re-examination dates as established;
- E. Advise the Tenant of any changes in eligibility status resulting from re-examination and give notification of changes in rent or serve notification to vacate, due to an ineligibility finding; and
- F. Submit and record appropriate adjustments in rent charges when Tenant reports changes of family income and/or composition.

3.04 OWNER AND RESIDENT OCCUPANCY OF HONUAKAHA CONDOMINIUM UNITS

The Management Agent will retain responsibility for maintaining accurate Owner and Resident files for the Honuakaha Condominium Complex. This entails:

- A. Ownership transfers.
- B. Orientation for Owners and Residents of House Rules, financial responsibilities, facilities and services available.
- C. Maintenance of the list of Residents residing in each unit.
- D. Acknowledgement of any deficiencies that may require correction.
- E. Turn-over of keys and maintenance of the key registry.

3.05 RULES AND REGULATIONS

The Management Agent shall perform the following services:

- A. Develop and/or revise Honuakaha Elderly Housing Apartment rules specific to the Project's needs, utilizing LIHTC Basic Rental Agreement;
- B. Post notices of and enforce all rules and regulations pertaining to the Project;
- C. Enforce all covenants and conditions of the Rental Agreement, By-Laws, Declaration, House Rules and all applicable Project documents;
- D. Follow-up on delinquent rent, maintenance fees, and other resident charges. Rent delinquencies shall be maintained at a level of 2% or below, and AOA Maintenance Fee delinquencies shall be maintained at a level of 1% or below;

- E. Provide an informal meeting process to any Tenant or Resident believed to be in default of Rental Agreement, Covenant, Rules and Regulations, or Condition;
- F. Administer & coordinate the use of the community rooms, spaces and all common areas. Management Agent shall be permitted, subject to Honuakaha LP and AOA approval, to use the Project's community activity facilities and other non-dwelling space for their intended purposes, in accordance with policies and regulations established by Honuakaha LP and AOA; provided no permit, lease or written agreement covering use of such space shall be for a period beyond the term of this agreement. Honuakaha LP and AOA shall not be responsible for the loss or theft of any property owned by an agency permitted to use non-dwelling space in the project area. The Management Agent shall review periodically and keep current a listing of agencies and organizations using Honuakaha LP and AOA space. The listing should include space assigned, name and purpose of organization and program(s) carried out at the Project. The listing shall be made available to Honuakaha LP and AOA upon request.

3.06 TENANT DEFAULTS, RENTAL AGREEMENT TERMINATIONS AND EVICTIONS

Upon finding a Tenant to be in default or in violation of any covenant, condition, provision, rule or regulation of the Rental Agreement or pertaining to Honuakaha Elderly Housing Apartments, the Management Agent shall proceed as follows:

- A. A written notice of default ("Notice of Default") stating the nature of the default or violation and the specific facts shall be served to the tenant and a copy maintained in the tenant's record. The notification of default shall contain a demand for cure within the stated period of time, which shall be in the case of:
 - 1. Failure to pay rent, **five (5)** days from receipt of Notice of Default;
 - 2. Creation or maintenance of a threat to the health or safety of other Tenants, Residents, or of Management Agent's affiliates and/or employees, a reasonable time commensurate with the urgency of the situation; and
 - 3. In all other cases, **thirty (30)** days from receipt of the Notice of Default.
- B. Schedule an informal meeting with Tenant without delay after Notice of Default has been served in order to arrange a cure of the default. A written summary of the discussion shall be prepared and shall contain the names of the participants, date of meeting(s), and if an arrangement is made, the terms of the arrangement to cure the default;
- C. Institute Rental Agreement termination and eviction proceedings for failure to cure the default within the stated period of time in the Notice of Default or in accordance with arrangement made pursuant to the informal meeting;
 - 1. Provided determination to terminate shall not be for reasons other than:
 - a. Serious or repeated violations of material terms of the covenants and conditions of the Rental Agreement, project rules and regulations; or

- b. Failure to make payments due under the Rental Agreement; or
 - c. Failure to fulfill tenant obligations as set forth in the Rental Agreement; or
 - d. Other good cause.
- 2. To file or cause to file with a Honuakaha LP approved attorney to terminate the Lease and to initiate eviction proceedings or any other established procedural rules established Honuakaha LP, as may be amended from time to time;
- 3. Represent Honuakaha LP at scheduled complaint hearings, including Court hearings and trials;
- D. Participate as a respondent in any appeal to Honuakaha LP by a tenant; and
- E. Comply with all other requirements for Rental Agreement terminations and evictions that are or may hereafter be required by law, Honuakaha Elderly Housing Apartments' rules, and HUD regulations.

3.07 OWNER DEFAULTS

Upon finding an Owner in default or in violation of any covenant, condition, provision, rule or regulation of the By-Laws, Declaration, House Rules, etc. or pertaining to the Honuakaha Condominium Complex, the Managing Agent shall proceed as follows:

- A. A written notice of default stating the nature of the default or violation and the specific facts shall be served to the Owner and a copy maintained in the Owner's record. The notification of default shall contain a demand for cure within the stated period of time with the approval of AOA. The notification of violation shall contain a demand for cure within the stated period of time with the approval of AOA.
- B. Schedule an informal meeting with the Owner without delay after Notice of Default and/or Notice of Violation has been served in order to arrange a cure of the default or remedy the violation. A written summary of the discussion shall be prepared and shall contain the names of the participants, date of meeting(s), and if an arrangement is made, the terms of the arrangement to cure the default;
- C. Initiate legal proceedings for failure to cure the default, including possible foreclosure pursuant to HRS 667, within the stated period of time in the Notice of Default or in accordance with arrangement made pursuant to the informal meeting;
 - 1. Provided determination to initiate legal proceedings shall not be for reasons other than:
 - a. Failure to make payments for maintenance fees, other charges, including fees resulting from Notices of Violation; or
 - b. Other cause allowed pursuant to HRS 667.

2. To file or cause to file with an AOA approved attorney to initiate legal proceedings or any other established procedural rules promulgated by AOA, as may be amended from time to time or allowed pursuant to HRS 667; and
 3. Represent AOA at scheduled complaint hearings, including Court hearings and trials.
- D. Participate as a respondent in any appeal to AOA by an Owner; and
- E. Comply with all other requirements for the By-Laws, Declaration, and House Rules that are or may hereafter be required by law, AOA rules and regulations.

3.08 OFFICE SPACE, EQUIPMENT, AND SUPPLIES

All items shall be used and accounted for as follows:

- A. For the purpose of managing the Project, the Management Agent shall be permitted to use any maintenance office, or other equipment assigned to the Project for express and specific use on the Project. All personal property belonging to Honuakaha LP and AOA and located at the Project shall be under the custody and control of the Management Agent at all times and Management Agent accepts full responsibility, less normal wear and tear. However, the Management Agent shall not be responsible for items taken by forcible entry or robbery;
- B. The Management Agent shall replace as used any consumable supplies in the current inventory of the Project, provided that with the prior written approval of Honuakaha LP or AOA, Management Agent may forego the replenishment of supplies that are inventoried in excess of the reasonable needs of Project's operating budget as developed by Management Agent and/or as mutually revised; and
- C. The Management Agent shall, as may be required by Honuakaha LP or AOA, conduct annual and periodic inspection of the inventory of Honuakaha LP and AOA equipment, material and supplies located at the Project; or upon 24-hour notice, Honuakaha LP or AOA may conduct an inventory audit at Honuakaha.

3.09 MAINTENANCE

Management Agent shall cause the Project to be maintained and repaired in a condition at all times acceptable to Honuakaha LP and AOA and in accordance with local and State codes, and in accordance with the budget and Management Plan including but not limited to providing routine and emergency/urgent repairs, renovating vacant units and providing preventive maintenance services for the units and its equipment, as well as providing grounds maintenance for the common areas. Management Agent shall also provide the following services, but not be limited to:

- A. Respond to requests for routine maintenance services within two (2) working days from the date of such request;

- B. Respond to requests for emergency/urgent maintenance services no later than four (4) hours from the time of such request (seven days a week, 24 hours each day);
- C. Maintain grounds and all common areas of the Project (to include entries, thoroughfares and lobbies which shall be kept in an immaculate condition at all times); Management Agent shall make certain parking area surface is maintained in good condition (defined as free from need of repair, oil spills, etc.) and free from derelict, illegally parked, and/ or abandoned vehicles;
- D. Rehabilitate and clean vacated Honuakaha Elderly Housing Apartment units to a marketable condition so that new placements can be made within twenty (20) days from the date the Tenant vacated;
- E. Coordinate all garbage and refuse disposal and collection (City and County or private). Maintain all refuse areas, enclosures and receptacles in a clean condition and in accordance with local, State, Federal fire, safety and health codes;
- F. Conduct a daily property inspection to ascertain the physical condition of the Project;
- G. Conduct an annual unit inspection of every Honuakaha Elderly Housing Apartment unit of the Project to ascertain the physical condition of the unit;
- H. Charge Tenants for maintenance or repair work in accordance with the Rental Agreement when required work is to repair damage to such unit other than ordinary wear and tear (charges shall be consistent with Honuakaha LP policies);
- I. Assess and charge Tenants or Owners for maintenance or repair work when required work is to repair damage in the common areas;
- J. Obtain Honuakaha LP and AOA approval for maintenance expenditures over and above those authorized in the respective budget and Management Plan;
- K. Coordinate with Honuakaha LP and AOA, and vendors on all purchases of supplies and equipment as authorized and in accordance with the budget;
- L. Store necessary supplies, maintaining an up to date inventory (available for inspection by Honuakaha LP or AOA upon request) and store and maintain equipment, readily available for Honuakaha LP or AOA inspection upon request;
- M. Maintain property inventory of the Project;
- N. Conduct extraordinary maintenance as scheduled, or as approved by Honuakaha LP or AOA;
- O. Conduct Honuakaha LP and AOA approved "preventive maintenance program" developed by Management Agent to perform the preventive maintenance services for the Project and the common areas. A schedule for the "preventive maintenance program" is to be submitted to Honuakaha LP and AOA;

- P. Management Agent shall perform an annual inspection with AOAO once a year to be scheduled with AOAO.
- Q. When requested and approved by Honuakaha LP or AOAO, make all capital improvements, additions, betterments, and replacements on a cost-reimbursable basis. Plans by Honuakaha LP or AOAO for substantial additions, betterments, and/or replacements shall be first given to the Management Agent for their input;
- R. Orient each new Tenant on use, care and maintenance of dwelling unit, appliances, and other assigned areas;
- S. Prepare and submit monthly reports on selected maintenance operations; and
- T. Review and update the Replacement Reserve account annually, in accordance to the Reserve Study.

3.10 TENANT/OWNER/RESIDENT RELATIONS

The Management Agent shall promote and maintain good relations with all Tenants, Owners, and Residents and shall perform the following services, at a minimum:

- A. Respond to Owner or valid Tenant or Resident requests involving concerns about conditions or quality of life at the project ("Complaints"), and to resolve all significant or recurring problems;
- B. Initiate a "Resident Service Request Form" to document Complaints along with notation of Management Agent's resolution. Complaints shall be responded to in a timely manner but no later than 5 business days of receipt of request and documentation shall be maintained in tenant files;
- C. Assist in a resident service and satisfaction survey with activities such as posting information, conducting resident meetings and distributing flyers;
- D. Work closely with and guide the AOAO, when applicable, to provide a meaningful organized channel for resident community involvement and participation in the Honuakaha Condominium Complex management, including handling of grievances;
- E. Provide meeting places, equipment, and technical assistance to AOAO when applicable;
- F. Institute and maintain informative Tenants/Owners/Residents communications to advise Tenants/Owners/Residents of any changes in policies, rules, regulations, or pertinent and necessary instructional bulletins (i.e., storm, fire, or hazard) regarding the Project; and
- G. Instruct and assist new Tenants/Owners/Residents in adjusting to the Project environment.

3.11 SUPPORTIVE SERVICES FOR HONUAKAHA ELDERLY HOUSING APARTMENTS

The Management Agent shall provide support services with either its own qualified staff or enter an agreement, subject to prior approval of Honuakaha LP, with an appropriate agency or organization to carry out the supportive service functions for Honuakaha Elderly Housing Apartment Tenants. These services, as described below, shall include, but may not be limited to, the following:

- A. Advise Tenants of community services and programs available within the community to meet their needs;
- B. Provide new Tenants with an orientation to available community services and programs to ease their transition into government assisted housing;
- C. Promote and encourage improvement of supportive services for Tenants by working with community agencies, organizations and tenant groups;
- D. Endeavor to promote a cohesive community spirit among groups within the Honuakaha Elderly Housing Apartments' population;
- E. Provide counseling and/or referral services to appropriate agencies to assist those Tenants who are experiencing problems in money management, mental health, marital discord, child abuse, poor housekeeping, and other social problems; and
- F. Provide a Tenant suggestion system which requires no signatory, to be reviewed by Tenant Associations.

3.12 PERSONNEL

- A. The Management Agent shall conform with the Property Management Agreement;
- B. All Project staff shall be employees of the Management Agent;
- C. The Management Agent shall hire a responsible employee as an on-site Project Manager who will be available during normal operating hours (Monday through Friday 7:45 a.m. to 4:30 p.m.) as a point of contact for residents and Honuakaha LP and AOA to respond to resident concerns, supervise project staff, enforce house rules, inspect the Project and encourage resident participation, when applicable. A dwelling unit at the Project shall be provided to the Project Manager at no cost to the Management Agent;
- C. The Management Agent shall designate a contact person who will be responsible for oversight of the Project and ensure contract performance. The contact person shall respond to after-hours emergencies, Honuakaha LP and AOA inquiries, and any complaints or problems;
- D. Project staff shall be capable of providing minor and preventive maintenance for the project;
- E. All staff training shall be the responsibility of the Management Agent. However, should any specific or extraordinary training be required of Management Agent, Honuakaha LP or AOA may request attendance at no cost to the Management Agent; and

- F. Supervision and performance evaluation, as well as termination of staff, will be the responsibility of the Management Agent.

SECTION FOUR

PROPOSAL FORMAT AND CONTENT

4.01 INTRODUCTION

When an Offeror submits a proposal, it shall be considered a complete plan for accomplishing the tasks identified in this RFP. Offeror's proposal must demonstrate an understanding of and the ability to meet and perform all contractual requirements listed in this RFP.

The submission of a proposal shall constitute an indisputable representation by Offeror of compliance with every requirement of the RFP, and that the RFP documents are sufficient in scope and detail to indicate and convey reasonable understanding of all terms and conditions of performance of the work.

Before submitting a proposal, each Offeror must:

- A. Examine the solicitation documents thoroughly. Solicitation documents include this RFP, any attachments, plans referred to herein, and any other relevant documentation.
- B. Ensure that proposal complies with State, local and Federal laws, ordinances, rules and regulations that may in any manner affect cost, progress, or performance of the work.

4.02 SUBMITTAL FORMAT AND CONTENT

Offeror shall submit one (1) Original and three (3) copies of the Offeror's Proposal in a sealed envelope to:

Honuakaha LP and AOA
c/o Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

The Offeror's proposal shall be in 12 pt. font, 1 inch margins, organized, and must include all of the information requested in this RFP in the following order:

- A. **Transmittal Letter.** Include a transmittal letter to confirm the Offeror shall comply with the requirements, provisions, terms, and conditions specified in the RFP. Transmittal letter should be provided on company letterhead.
- B. **Offer Forms.** Include signed Offer Forms (OF-1 to OF-2) with the complete name and address of Offeror's firm, as well as the name, mailing address, telephone number, email address, and fax number of the person Honuakaha LP and AOA should contact regarding the Offeror's proposal. The Offer Form must be signed by an authorized person on behalf of the Offeror.

- C. **Corporate Resolution.** Provide a copy of the company's Corporate Resolution to show evidence of the authorization.
- D. **Management Plan.** As an attachment to the Offeror's bid, Offeror's Management Plan shall be organized into sections, following the format below with tabs separating each section.

This section should summarize Offeror's management philosophy and overall approach to the management of the Project. The plan should address the tasks required under this RFP and must demonstrate Offeror's understanding of the service required. Provide a detailed work plan for accomplishing the administrative and maintenance duties required for the Project. The work plan should describe how the Project would be operated on a day-to-day basis

- 1. Executive Summary
 - a. Provide an executive summary of your company.
- 2. Organization and Staffing
 - a. Provide an organizational chart that identifies the management structure of the organization (including the home office and on-site organization); key personnel assigned to this contract, integration of major approved subcontractors, and other information pertinent to staffing for this contract.
 - b. Provide background of the company, its size and resources, details of corporate experience relevant to the Project.
 - c. A description of projects currently managed by the company that demonstrates the Management Agent's qualifications and experience. Include the name and brief description of the project, number of units, type of subsidy program (if any), average vacancy and delinquency rate.
 - d. Clearly identify roles and responsibilities, lines of authority, and those individuals throughout the Offeror's organization that will have decision-making responsibility for each functional or service area required under this contract.
 - e. Explain the degree of autonomy of the on-site organization from the home office and address lines of authority, responsibility and span of control including approved subcontractors.
 - f. Submit resumes for proposed site manager, quality control manager, and key field personnel (limit two pages per resume). The resumes shall clearly demonstrate the proposed site manager's and other key field personnel's relevant experience and qualifications to manage this contract.
 - g. On-site staff whose salaries and benefits will be reimbursed by Honuakaha LP and AOA shall be clearly identified with job titles and responsibilities.

- h. Staff recruitment methods and proposed training schedule for duration of the contract.
- i. Company policy on vacation and sick leave benefits and a plan addressing how project coverage will be maintained during on-site staff leave.
- j. Identify references, names and current phone numbers for who services were performed during the past three (3) years which support the site manager's and other key field personnel's qualifications.

3. Housing Assignments, Referrals, and Terminations

- a. Describe how your company will administer housing assignments to residents, administer referrals or wait lists and other means of prioritizing Elderly apartment housing assignments, and terminations.
- b. Describe how your company will manage information about housing availability and make this information available to eligible personnel seeking elderly housing.

4. Resident Relations

- a. Describe how resident relations will be handled.
- b. Describe the community management initiatives your company proposes to foster under this contract.
- c. Describe how your company will address/handle resident complaints. Types of complaints may include but may not be limited to other residents, domestic disputes, contractors, noise, traffic, road conditions, pests, animals, and other nuisances. Provide a description of the Management Agent's system for receiving and resolving residents' complaints. Include policy, procedures and time lines.
- d. Describe how your company will interface with people, other than the residents, i.e. Neighborhood Board, customers, etc.
- e. Documented relationships with resident organizations, participation in resident activities, resident employees (past and current residents) or a plan to establish such relationships will be evaluated. Activities may include community service projects that the firm or individuals have participated in within the past two years.
- f. Resident Meeting – An initial resident meeting will be required to be held by the Management Agent within the first month of the new contract to introduce staff, explain management's approach to operate the project and review resident concerns. Provide an outline for the required meeting.

5. Quality Control

- a. Describe your quality management system and how you propose to ensure all contract requirements are satisfactorily met.
- b. Specify the qualifications of the personnel responsible to perform quality control.
- c. Attach certifications, training records, and permits for key personnel responsible for quality control in various functional areas.
- d. For specific aspects of work that require permits (i.e. pest control) provide copies of permits held by your firm or describe how your firm will ensure approved subcontractors are properly permitted.
- e. Describe training provided to employees to ensure quality of performance.
- f. Describe your approach to quality relative to material purchases and standardization.
- g. Describe the methods and procedures to be used in purchasing and approved subcontract arrangements with service, material, and equipment suppliers. Evidence of existing arrangements or procedures to ensure the Project will receive the full benefit of effective purchasing practices shall be included.
- h. Describe the methods to be used to document, measure, control, and improve quality processes.
- i. Describe the corrective and preventive action processes your company will use under this contract.

6. Maintenance

Describe your approach to building maintenance, including routine or recurring maintenance and preventative maintenance.

- a. Provide a definition for routine and recurring items including examples of each. Describe proposed methodology for handling each type of maintenance requirement. Identify the work to be accomplished, how it will be accomplished, and the standards to which it will be performed including response times and minimum and maximum down time expected.
- b. Define the liability limits for each type of maintenance listed above at which work will be performed under the firm fixed price portion of the contract. Liability limits may be expressed in terms of material dollars, labor hours, total cost, or any other measurable standard. Explain the basis and rationale for the liability limits proposed.

- c. Identify items covered under preventative maintenance; the frequency preventative maintenance will be performed, broken down by monthly and annually preventative maintenance.
- d. Describe the maintenance activities you expect to be performed during change of occupancy. Identify the work to be accomplished, how it will be accomplished, and the standards to which it will be performed including response times and minimum and maximum down time expected during occupancy turnover. Address surge capability related to occupancy turnover.
- e. Describe the type, quality, and minimal characteristics of materials you propose to use on this contract such as paint and floor covering.
- f. Describe the process you propose in initiating when there are insufficient funds in the Replace Reserve account based upon the Replacement Reserve Study.

7. Service Calls

Describe the process you will use when service calls (customer/resident requests) are received.

- a. Provide a definition/classification for emergency and routine service calls including examples of each, corresponding response and completion times.
- b. Describe proposed methodology for handling each type of requirement.
- c. Provide process details from beginning to end including service call request receipt, work assignment, feedback, correction of problems, re-work, handling customer/resident complaints, work completion, customer/resident satisfaction, and follow-up.
- d. Identify and explain how on-site staff would address service calls (emergency and non-emergency) during business hours.
- e. Identify and explain how on-site staff would address service calls (emergency and non-emergency) after business hours.
- f. Identify and explain how off-site staff (supervisory management) would address service calls (emergency and non-emergency) during business hours, including if on-site staff is unavailable to respond.
- g. Identify and explain how off-site staff (supervisory management) would address service calls (emergency and non-emergency) after business hours, including if on-site staff is unavailable to respond.
- h. Identify the liability limits at which work will be performed under this portion of the contract. Liability limits may be expressed in terms of material dollars, labor hours, total cost, or any other measurable standard. Explain the basis and rationale for the liability limits proposed.

8. Major Repairs, Alterations, and Improvements.
Provide details, including approved subcontracting procedures, project and quality control, and fee for services on how you propose to address to manage such projects.
9. Information Management
Describe the management information system that you will use under this contract and the information you will provide to Honuakaha LP and AOA addressing at a minimum unit inventory; occupancy rate; service calls; monthly management report; and budget and expense data. (This source of information may be available from standard reports used in the property management industry.)
10. Transition Plan
The transition plan shall address all aspects of transition including phasing of operations, establishment of operating procedures, announcements and guidance for residents, phasing in of staffing, and related transition issues.
 - a. Describe in detail how you plan to establish your operations and assume responsibility for housing operations including proposed timetable with milestones for completing transition and mobilization plan. The transition period shall commence from the contract award date and be completed no later than May 1, 2017.
11. Risk
Identify areas of risk in the solicitation/contract the source of the risk and the steps you plan to take to mitigate the risk. Address how risk affects your overall contract pricing strategy. Avoid references to specific pricing contained in your pricing proposal.

NOTE: Identification of risk in the Offeror's management plan does not relieve the Offeror from the risk nor does it waive or relieve any contract requirement.

12. Resolution of Property Management Issues. Provide a description of the past action taken by Management that demonstrates experience in resolving critical management issues. Any two of the following issues shall be addressed:
 - a. Maintenance – building is having problems with plumbing and it is an after-hours emergency.
 - b. Maintenance Fee collection and Account Receivables – Account receivables are outstanding and the amount due is over \$5,000.
 - c. Physical security – Condominium has frequent vandalism or drug problems.
 - d. Supportive Services – Owners/Residents are experiencing problems in money management, mental health, marital discord, child abuse, or other social problems.

13. Other Information: Provide any additional information you feel distinguishes your firm as the best value to Honuakaha LP and AOAO for this contract

4.03 EXCEPTIONS

Offeror shall list any exceptions taken to the terms, conditions, scope of work, or other requirements listed herein. Offeror shall reference the RFP section where exception is taken, a description of the exception taken, and the proposed alternative, if any.

SECTION FIVE

EVALUATION CRITERIA AND CONTRACTOR SELECTION

Proposals will be scored according to the evaluation criteria and the associated points listed below. The award for this Project will be made to the responsible Offeror whose proposal is determined to be the most advantageous to Honuakaha LP and AOA based on the evaluation criteria listed in this section.

The total number of points used to score this contract is 100.

A. Cost of Services (40)

1. The cost of the proposal will be evaluated to determine reasonableness of price.

B. Technical Qualifications (35)

1. Number of years experience in real estate management in the State of Hawaii.
2. Number of years managing IRS Section 42 Housing in Hawaii and Rental Assistance Programs.
3. Key personnel and resumes of those dedicated to the project.
4. Examples of comparable projects undertaken by Offeror with similar service and properties.
5. References, client listing and record of past performance.
6. Overall professionalism: Indicators and capacity to show the Offeror is more than capable of active communication and collaborative decision making with entities such as the Honuakaha LP and AOA.
14. Financial condition.
15. Any pending lawsuits or action, etc.

C. Depth of Services and Proposed Management Plan (25)

1. Proposed approach to manage the Project.
2. Knowledge and ability of best practices, experience and understanding of LIHTC.
3. Timeline and plan for any necessary transition of services.

4. Collaboration: Ability to structure/process to learn, understand and address Honuakaha LP's and AOAO's need for a Contractor who will be a partner in managing the physical needs for the Project. In addition, the ability to work in partnership with Honuakaha LP and AOAO to engage in collaborative decision-making to achieve program objectives as stated in Section 2.02.

SECTION SIX

RFP SELECTION PROCEDURE

- A. Only proposals received on or before the required due date will be considered. Proposals shall not be opened publicly, but shall be opened in the presence of two (2) or more HCDA staff members. The register of proposals and Offerors' proposals shall be open to public inspection only after posting of the award. All proposals and other material submitted by Offerors become the property of Honuakaha LP and AOAO and may be returned at its option.
- B. Proposals which do not fully comply with the submittal requirements above will not be further considered.
- C. An Evaluation Committee formed by the HCDA will evaluate the proposals in accordance with the evaluation factors in Section Five of this RFP. The proposals shall be classified initially as acceptable, potentially acceptable, or unacceptable.
- D. The Evaluation Committee may conduct interviews or discussions with Offerors who submit proposals determined to be acceptable or potentially acceptable. If numerous acceptable and potentially acceptable proposals are submitted, the evaluation committee may rank the proposals and limit the priority list to three responsive, responsible Offerors who submitted the highest-ranked proposals.
- E. Proposals may be accepted on evaluation without discussion. If one proposal is clearly superior to all others, the evaluation committee may elect to proceed directly to selection of a Managing Agent.
- F. The award will be made to the responsive, responsible Offeror whose proposal is determined to be the most advantageous to Honuakaha LP and AOAO based on the evaluation factors.

SECTION SEVEN

SPECIAL PROVISIONS

The property management service contract for Honuakaha LP and AOAO shall be in accordance with this RFP, including these Special Provisions in this section and the Scope of Work specified herein.

7.01 RESPONSIBILITY OF OFFERORS

Offeror is advised that in order to be awarded a contract under this solicitation, Offeror shall be compliant with all laws governing entities doing business in the State, including but not limited to:

- A. Chapter 237, tax clearance;
- B. Chapter 383, unemployment insurance;
- C. Chapter 386, workers' compensation;
- D. Chapter 392, temporary disability insurance;
- E. Chapter 393, prepaid Health Care; and
- F. Chapter 103D-310(c), Certificate of Good Standing (COGS) for entities doing business in the State.

As proof of compliance, Offerors must furnish to Honuakaha LP and AOAO a current and valid Certificate of Vendor Compliance from the Hawaii Compliance Express ("HCE") system. Honuakaha LP and AOAO shall verify compliance on HCE. If an Offeror is not compliant on HCE at the time of award, the Offeror will not receive the award.

Hawaii Compliance Express. The HCE is an electronic system that allows vendors/contractors/service providers doing business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the Department of Taxation, Federal Internal Revenue Service; Department of Labor and Industrial Relations, and Department of Commerce and Consumer Affairs.

Vendors/contractors/service providers should register with (HCE) prior to submitting an offer at <https://vendors.ehawaii.gov>. There is an annual registration fee and the 'Certificate of Vendor Compliance' is accepted for the execution of contract and final payment.

Timely Registration on HCE. Vendors/contractors/service providers are advised to register on HCE soon as possible. If a vendors/contractors/service provider is not compliant on HCE at the time of award, an Offeror will not receive the award.

7.02 CONTRACT ADMINISTRATOR

For purposes of this contract, the Contract Administrator is Ms. Lindsey Doi, telephone (808) 594-0328.

7.03 TERM OF CONTRACT

Successful Offeror shall be required to enter into a formal written contract to commence work on this project.

The initial term of the contract shall be for a thirty-six (36) month period starting on the official commencement date of the Notice to Proceed. Unless terminated, the Managing Agent and Honuakaha LP and AOA may extend the term of the contract for two (2) additional twelve- month (12) terms or portions thereof without the necessity of re-bidding upon mutual agreement in writing prior to expiration.

7.04 ADDENDA, CLARIFICATIONS

Addenda may periodically be issued that may increase or decrease the scope of work or contract time, provisions or conditions. Honuakaha LP will make the addenda available to the Offerors at the HCDA office. Offerors are responsible for the information contained in the addenda or offer clarification whether or not the Offeror receives the addenda or clarification.

Offerors discovering an ambiguity, inconsistency or error when examining the bidding documents or the site and local conditions or Offerors with questions or clarification requests shall send their written inquiries (email, hard copy, or fax notification are acceptable) to the HCDA:

Address: 547 Queen Street,
Honolulu, HI 96813
Email: contact@hcdaweb.org
Fax : (808) 587-0299.

Written inquiries shall comply with the following procedures:

- A. Identify each request with the Solicitation Title (HCDA RFP 01-2017)
- B. Indicate the appropriate section, paragraph, or other identifier.
- C. The request should be concise, but complete enough to properly evaluate and determine the merits or non-merits of the question or request.

Offerors shall make all inquiries and requests for clarifications no later than 4:00 PM on March 27, 2017. Refer to the "Notice to Offerors" for other important dates.

Honuakaha LP and AOA will respond to important requests or clarifications by way of addenda. If Honuakaha LP and AOA determines the request or inquiry is unimportant or not required for dissemination to all Offerors then it will not respond.

7.05 SUBMISSION OF OFFER

Offers shall be received at the HCDA, 547 Queen Street, Honolulu, Hawaii 96813, no later 1:00 p.m. Monday, April 10, 2017. Timely receipt of Offers shall be evidenced by the date and time registered by the HCDA time stamp clock. Offers received after the deadline shall be returned unopened.

If the Offeror chooses to deliver its Offer by United States Postal Service (USPS), please be advised that the USPS may not deliver the mail daily or by the time deadline. This may cause a delay in receipt by the HCDA and the Offer may reach the HCDA after the deadline, resulting in automatic rejection.

7.06 CERTIFICATION OF INDEPENDENT COST DETERMINATION

By submission of an offer, Offeror certifies as follows:

- A. The costs have been arrived at independently, without consultation, communication, or agreement with any other Offeror, as to any matter relating to such costs for the purpose of restricting competition.
- B. Unless otherwise required by law, the Offeror prior to award has not knowingly disclosed the costs that have been quoted in this proposal, directly or indirectly, to any other Offeror or competitor prior to the award of the contract.
- C. No other attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition.

7.07 OFFEROR QUALIFICATIONS

To assure Honuakaha LP and AOA that the Offeror is capable of performing the work specified herein, Offeror must meet the following:

- A. Minimum of five (5) years experience in managing IRS Section 42 Housing in Hawaii. Offeror shall indicate on the Offer Form, its experience on current and prior contracts.
- B. Minimum of three (3) years experience in managing Association of Apartment Owners properties. Offeror shall indicate on the Offer Form their appropriate years of experience.
- C. Have a permanent office location on Oahu from where he/she conducts business during normal working hours and from where he/she will be accessible to requests or complaints.
- D. Licensed as a Real Estate Broker in State of Hawaii.

7.08 SITE INSPECTION

After the informational conference on March 17, 2017, potential Offerors shall have the

opportunity to visit the Project and familiarize themselves with existing conditions and the extent and nature of work to be performed.

Attendance at the Site Inspection is not a requirement to qualify to submit a proposal, but is highly encouraged.

7.09 OFFER PREPARATION

- A. Offer Form, Page OF-1. Offeror is requested to submit its Offer using Offeror's exact legal name as registered with the State of Hawaii Department of Commerce and Consumer Affairs, if applicable; and to indicate exact legal name in the appropriate space on Offer Form, page OF-1. Failure to do so may delay proper execution of the contract.

The authorized signature on the first page of the Offer Form shall be an original signature in ink. If unsigned or the affixed signature is a facsimile or a photocopy, the Offer shall be automatically rejected unless accompanied by other material, containing an original signature, indicating the Offeror's intent to be bound.

- B. Hawaii Business. A business entity referred to as a "Hawaii business", is registered and incorporated or organized under the laws of the State of Hawaii.
- C. Compliant Non-Hawaii Business. A business entity referred to as a "compliant non-Hawaii business," is not incorporated or organized under the laws of the State of Hawaii but is registered to do business in the State.
- D. Hawaii General Excise Tax License. Offeror shall submit its current Hawaii GET I.D. number in the space provided on Offer Form, page OF-1, thereby attesting that the Offeror is doing business in the State and will pay such taxes on all sales made to the State.
- E. Tax Liability. Work to be performed under this solicitation is a business activity taxable under Chapter 237, HRS, and vendors are advised that they are liable for the Hawaii GET at the current 4.5% rate. If, however, an Offeror is a person exempt by the HRS from paying the GET and therefore not liable for the taxes on this solicitation, Offeror shall state its tax exempt status and cite the HRS chapter or section allowing the exemption.
- F. Taxpayer Preference. For evaluation purposes, pursuant to Section 103D-1008, HRS, the Offeror's tax-exempt price offer submitted in response to an RFP shall be increased by the applicable retail rate of general excise tax and the applicable use tax. Under no circumstance shall the dollar amount of the award include the aforementioned adjustment.
- G. Offer Price. Offer prices shall include labor, equipment, supplies, transportation, all applicable taxes and any other costs incurred to provide services as specified. On-site staff positions and salary costs are to be separately itemized on a separate sheet and attached to the respective Offer Form.
- H. Offer Guaranty. An offer guaranty is not required.

- I. Insurance. Offeror shall provide the requested insurance information on the Offer Form, where indicated.

7.10 AWARD OF CONTRACT

- A. Method of Award. Award, if made, will be to the responsive, responsible Offeror whose proposal is determined to be the most advantageous to Honuakaha LP and AOAO based on the evaluation criteria set forth in the RFP. In the event the total lump sum offer of all Offerors exceeds the project control budget, Honuakaha LP and AOAO reserve the right to make an award to the apparent Low Offeror if additional funds are available or by reducing the scope of work through negotiation.

Honuakaha LP and AOAO may reject any or all offers and waive any defects if it believes the rejection or waiver is in the best interest of Honuakaha LP and AOAO.

After determining the designated best value and responsible Offeror for the Project, an award may be made on the amount of the Offeror's total lump sum base offer alone or on any combination of alternates exclusive of any preferences of alternates and may include substituting any of the alternates that were included in the designated Offeror's aggregate price with an alternate that was not included, provided:

1. It is in the best interest of Honuakaha LP and AOAO.
 2. Funds are available at the time of award, and
 3. The combination of the total lump sum base offer plus alternate(s) does not change the established best value cost for the project.
- B. Responsibility of Best Value Offeror. Pursuant to HRS Chapter 103D-310(c), the selected Offeror shall at the time of award be compliant with all laws governing entities doing business in the State. The State will verify compliance on Hawaii Compliance Express (HCE).

7.11 CONTRACT EXECUTION

Successful Offeror receiving award shall be required to enter into a formal written contract. Performance and payment bonds are not required for this contract.

If the option(s) to extend for the additional two (2) year period or parts thereof are mutually agreed upon, the Offeror shall be required to execute a supplement to the contract.

7.12 INSURANCE

The Offeror shall maintain in full force and effect during the life of this contract, liability and property damage insurance on an occurrence basis to protect the Offeror, its onsite employees, and its subcontractors, if any, from claims for damages for personal injury, accidental death and property damage which may arise from operations under this

contract, whether such operations be by himself or by a subcontractor or anyone directly or indirectly employed by either of them. If any subcontractor is involved in the performance of the contract, the insurance policy or policies shall name the subcontractor as additional insured.

As an alternative to the Offeror providing insurance to cover operations performed by a subcontractor and naming the subcontractor as additional insured, Offeror may require subcontractor to provide its own insurance that meets the requirements herein. It is understood that a subcontractor's insurance policy or policies are in addition to the Offeror's own policy or policies.

The Offeror, including its subcontractor(s) where appropriate, shall provide the minimum insurance coverage(s) and limit(s):

Insurance Coverage: Minimum Policy Limits

Comprehensive General Liability: to include coverage for bodily injury and property Occurrence and \$2,000,000 in the Aggregate

Umbrella Liability: \$2,000,000 Aggregate (or Equivalent Coverage under CGL)

Worker's Compensation: Coverage A: As required by Hawaii Laws
Coverage B: Employer's Liability
\$1,000,000 Bodily Injury by Accident Each Accident
\$1,000,000 Bodily Injury by Disease
\$1,000,000 Policy Limit and \$1,000,000 Each Employee

Automobile \$500,000 per occurrence and \$1,000,000 in aggregate

Each insurance policy required by this contract, including a subcontractor's policy, shall contain the following clauses:

- A. "This insurance shall not be canceled, limited in scope of coverage or non-renewed until after thirty (30) days written notice has been given to Honuakaha Limited Partnership and Association of Apartment Owners of Honuakaha , c/o Hawaii Community Development Authority, 547 Queen Street, Honolulu, Hawaii 96813."
- B. "Honuakaha Limited Partnership, Association of Apartment Owners of Honuakaha, State of Hawaii, and Hawaii Community Development Authority, their respective elected officials, officers, employees and volunteers are added as additional insureds as it respects to the operations performed for Honuakaha Limited Partnership and/or Association of Apartment Owners of Honuakaha ."
- C. "It is agreed that any insurance maintained by Honuakaha Limited Partnership and Association of Apartment Owners of Honuakaha will apply in excess of, and not contribute with, insurance provided by this policy."

The minimum insurance required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the contract, including supplemental agreements.

Upon Offeror's execution of the contract, the Offeror agrees to furnish Honuakaha LP and AOA with a copy of the policy or policies (s) of insurance necessary to satisfy Honuakaha LP and AOA that the insurance provisions of this contract have been complied with and to keep such insurance in effect during the entire term of this contract, including those of its subcontractor(s), where appropriate.

Failure of the Offeror to provide and keep in force such insurance shall be regarded as material default under this contract, entitling Honuakaha LP and AOA to exercise any or all of the remedies provided in this contract for a default of the Offeror.

The procuring of such required insurance should not be construed to limit Offeror's liability hereunder or to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, Offeror shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

7.13 FEDERAL LOW-INCOME HOUSING TAX CREDIT AND STATE RENTAL ASSISTANCE PROGRAM

The Managing Agent acknowledges and agrees that Honuakaha Elderly is subject to the Federal LIHTC Program. The Managing Agent will be assisting Honuakaha LP with the fulfillment all program requirements.

7.14 INDEMNITY

The Management Agent shall defend, indemnify, and hold harmless Honuakaha LP, AOA, the State of Hawaii, and the Hawaii Community Development Authority, their respective elected officials, officers, employees, agents and volunteers from and against all costs, expenses, damages, and attorney's fees resulting from any and all claims, demands, suits, actions, or proceedings for violation of law, property damage, or personal injury, including death, arising out of, resulting from, or in connection with the operation and management of the Project by the Management Agent.

7.15 INSPECTIONS

The Contract Administrator, Honuakaha LP, or AOA reserves the right to inspect Managing Agent's job performance at any time.

7.16 RE-EXECUTION OF WORK

The Managing Agent shall re-execute any work that fails to conform to the requirements of the contract that appears during the course of the work and shall immediately remedy any defects due to faulty workmanship by the Managing Agent.

7.17 REMOVAL OF OFFEROR'S EMPLOYEES

Offeror agrees to remove any of his employees from services rendered and to be rendered Honuakaha LP and AOA, upon request in writing by the Contract Administrator.

7.18 RIGHTS AND REMEDIES FOR DEFAULT

In the event the Managing Agent fails, refuses or neglects to perform the services in accordance with the requirements of the contract, these Special Provisions, the Scope of Work and Specification, the Management Agreement, Management Plan, Honuakaha LP and AOA reserves the right to purchase in the open market, a corresponding quantity of the services specified herein and to deduct from any moneys due or that may thereafter become due the Offeror, the difference between the price named in the contract and the actual cost thereof to Honuakaha LP and AOA. In case any money due the Managing Agent is insufficient for said purpose, the Managing Agent shall pay the difference upon demand by Honuakaha LP and AOA. Honuakaha LP and AOA may also utilize all other remedies provided by law.

7.19 PROTEST

A protest shall be submitted in writing within five (5) working days after the aggrieved person knows or should have known of the facts giving rise thereto; provided that a protest based upon the content of the solicitation shall be submitted in writing prior to the date set for receipt of offers; and further provided that a protest of an award or proposed award shall be submitted within five (5) working days after the posting of award of the contract.

The notice of award, if any, resulting from this solicitation shall be posted on the Procurement Reporting System, which is available on the SPO website:
<http://www.hawaii.gov/spo2/source/>.

Any protest pursuant to Section 103D-701, HRS, and Section 3-126-3, HAR, shall be submitted in writing to the Contract Administrator at:

Honuakaha LP and AOA
c/o Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813.

7.20 ADDITIONS AND EXCEPTIONS TO THE GENERAL TERMS AND CONDITIONS

- A. Cancellation of Solicitations and Rejection of Offers. The solicitation may be cancelled or the Offers may be rejected, in whole or in part, when in the best interest of the purchasing agency, as provided in Section 3-122-96 through Section 3-122-97, HAR.
- B. Confidentiality of Material. All material given to or made available to the Offeror by virtue of this contract, which is identified as proprietary or confidential information, will be safeguarded and shall not be disclosed to any individual or organization without the prior written approval of Honuakaha LP.

All information, data, or other material provided by the Offeror or the Managing Agent to Honuakaha LP and AOA shall be subject to the Uniform Information Practices Act, Chapter 92F, HRS.

- The Offeror shall designate in writing to the Contract Administrator those

portions of its un-priced Offer or any subsequent submittal that are trade secrets or other proprietary data that the Offeror desires to remain confidential, subject to Section 3-122-58, HAR, in the case of an RFP.

- The Offeror shall state in its written communication to the Contract Administrator, the reason(s) for designating the material as confidential, for example, trade secrets.
- The Offeror shall submit the material designated as confidential in such manner that the material is readily separable from the offer in order to facilitate inspection of the non-confidential portion of the offer.

Price is not confidential and will not be withheld. In addition, the manufacturers and models, catalogue numbers of items offered, deliveries, and terms of payment shall be publicly available at the time of opening regardless of any designation to the contrary.

If a request is made to inspect the confidential material, the inspection shall be subject to written determination by the Department of the Attorney General in accordance with Chapter 92F, HRS. If it is determined that the material designated as confidential is subject to disclosure, the material shall be open to public inspection, unless the Offeror appeals the determination in accordance with Chapter 92F-42(12). If the request to inspect the confidential material is denied, the decision may be appealed to the Office of Information Practices in accordance with Chapter 92-F-15.5, HRS.

- C. Nondiscrimination. No person performing work under this agreement, including any approved subcontractor, employee, or agency of the Offeror, shall engage in any discrimination that is prohibited by any applicable Federal, State, or county law.
- D. Records Retention. The Offeror and any approved subcontractors shall maintain the books and records that relate to the agreement and any cost or pricing data for five (5) years from the date of final payment under the agreement.

Exhibit A

HONUAKAHA AFFORDABLE HOUSING COMPLEX



OFFER FORM (OF-1)
PROPERTY MANAGEMENT SERVICES
AT HONUAKAHA AFFORDABLE HOUSING COMPLEX
545 COOKE STREET
HONOLULU, OAHU, HAWAII

REQUEST FOR PROPOSAL NO. HCDA 01-2017

Honuakaha Limited Partnership and the Association of Apartment Owners of Honuakaha
c/o Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

The undersigned has carefully read and understands the terms and conditions specified in this Request for Proposals, including all attachments, exhibits, and addenda ; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof.

The undersigned further understands and agrees that by submitting this offer, he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

Offeror is:

☐ Sole Proprietor ☐ Partnership ☐ *Corporation ☐ Joint Venture
☐ Other _____
*State of incorporation: _____

Hawaii General Excise Tax License I.D. No. _____

Payment address (other than street address below): _____
City, State, Zip Code: _____

Business addresses (street address): _____
City, State, Zip Code: _____

Date: _____	Respectfully submitted: (x) _____
Telephone No.: _____	Authorized (Original) Signature _____
Fax No.: _____	Name and Title (Please Type or Print) _____
E-mail Address: _____	_____ **Exact Legal Name of Company (Offeror)

****If Offeror shown above is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:**

OFFER FORM (OF-2)
REQUEST FOR PROPOSAL NO. HCDA 01-2017

The following offer is for providing property management services for the **HONUAKAHA ELDERLY HOUSING APARTMENTS**. Offeror's pricing shall include labor, materials, supplies, all applicable taxes, and any other costs incurred to provide the specified services.

Item No.	Description	Unit Price	Quantity	Total
BASIC BID (FIRST THREE YEARS)				
1	Property Management Service May 1, 2017 to April 30, 2018 Cost Per Month	\$ _____	12	\$ _____
2	Property Management Service May 1, 2018 to April 30, 2019 Cost Per Month	\$ _____	12	\$ _____
3	Property Management Service May 1, 2019 to April 30, 2020 Cost Per Month	\$ _____	12	\$ _____
4	Salary of on-site staff May 1, 2017 to April 30, 2018 Cost Per Month	\$ _____	12	\$ _____
5	Salary of on-site staff May 1, 2018 to April 30, 2019 Cost Per Month	\$ _____	12	\$ _____
6	Salary of on-site staff May 1, 2019 to April 30, 2020 Cost Per Month	\$ _____	12	\$ _____
EXTENSION OPTION (YEAR FOUR)				
7	Property Management Service May 1, 2020 to April 30, 2021 (Option year 1) Cost Per Month	\$ _____	12	\$ _____
8	Salary of on-site staff May 1, 2020 to April 30, 2021 (Option year 1) Cost Per Month	\$ _____	12	\$ _____
EXTENSION OPTION (YEAR FIVE)				
9	Property Management Service May 1, 2021 to April 30, 2022 (Option year 2) Cost Per Month	\$ _____	12	\$ _____
10	Salary of on-site staff May 1, 2021 to April 30, 2022 (Option year 2) Cost Per Month	\$ _____	12	\$ _____

NOTE: Attach list of on-site staff positions and estimated salary, excluding benefits. Note a cost split if staff is shared with Honuakaha AOA. Honuakaha Limited Partnership reserves the right to reject any and all bids.

OFFER FORM (OF-2)
REQUEST FOR PROPOSAL NO. HCDA 01-2017

The following offer is for providing property management services for the **HONUAKAHA AOA**. Offeror's pricing shall include labor, materials, supplies, all applicable taxes, and any other costs incurred to provide the specified services.

Item No.	Description	Unit Price	Quantity	Total
BASIC BID (FIRST THREE YEARS)				
1	Property Management Service May 1, 2017 to April 30, 2018 Cost Per Month	\$ _____	12	\$ _____
2	Property Management Service May 1, 2018 to April 30, 2019 Cost Per Month	\$ _____	12	\$ _____
3	Property Management Service May 1, 2019 to April 30, 2020 Cost Per Month	\$ _____	12	\$ _____
4	Salary of on-site staff May 1, 2017 to April 30, 2018 Cost Per Month	\$ _____	12	\$ _____
5	Salary of on-site staff May 1, 2018 to April 30, 2019 Cost Per Month	\$ _____	12	\$ _____
6	Salary of on-site staff May 1, 2019 to April 30, 2020 Cost Per Month	\$ _____	12	\$ _____
EXTENSION OPTION (YEAR FOUR)				
7	Property Management Service May 1, 2020 to April 30, 2021 (Option year 1) Cost Per Month	\$ _____	12	\$ _____
8	Salary of on-site staff May 1, 2020 to April 30, 2021 (Option year 1) Cost Per Month	\$ _____	12	\$ _____
EXTENSION OPTION (YEAR FIVE)				
9	Property Management Service May 1, 2021 to April 30, 2022 (Option year 2) Cost Per Month	\$ _____	12	\$ _____
10	Salary of on-site staff May 1, 2021 to April 30, 2022 (Option year 2) Cost Per Month	\$ _____	12	\$ _____

NOTE: Attach list of on-site staff positions and estimated salary, excluding benefits. Note a cost split if staff is shared with Honuakaha Elderly. Honuakaha AOA reserves the right to reject any and all bids.

Offeror shall provide the following information:

Offeror's Permanent Office Address: _____

Representative: _____ Telephone: _____

E-mail Address: _____ Fax: _____

Hawaii State real estate brokerage firm License Number: _____

Number of years Offeror been in business managing Associations of Apartment Owners: _____

Number of years Offeror has worked with the Federal Low-Income Housing Tax Credit program:

<u>Insurance Coverage:</u>	<u>Carrier</u>	<u>Policy No.</u>
Commercial General Liability: _____	_____	_____
Automobile Liability: _____	_____	_____
Worker's Compensation: _____	_____	_____
Temporary Disability Insurance: _____	_____	_____
Prepaid Health Care _____	_____	_____
Unemployment Insurance: _____ State of Hawaii Labor No.: _____	_____	_____

Offeror's Contact Information for Operations

Offeror must be able to verbally respond to Honuakaha within two (2) hours of a call/request. Furnish contact information for the person(s) to contact regarding the "day-to-day" operations and performance of the work provides.

<u>Name/Title</u>	<u>Office Phone</u>	<u>Cell Phone</u>	<u>Pager No.</u>
_____	_____	_____	_____
_____	_____	_____	_____

Current Worksites

List a minimum of two (2) current worksites that Offeror is providing property management service for a Low-Income Tax Credit program. Honuakaha LP and AOA reserve the right to contact the companies/government agencies of these current worksites to verify the work required and the Offeror's job performance.

<u>Name of Company/Government Agency</u>	<u>Name of Contact Person</u>	<u>Cell Phone</u>
_____	_____	_____
_____	_____	_____

Company and/or Government Agency References

List a minimum of two (2) companies and/or government agencies Offeror has furnished property management service similar to the services specified herein. Honuakaha LP and AOA reserve the right to contact these companies/government agencies to ascertain the quality and timeliness of services provided.

<u>Name of Company/Government Agency</u>	<u>Name of Contact Person</u>	<u>Phone No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Management Plan

Offeror to provide Management Plan as an attachment, as detailed in Section 4.02 D of RFP-HCDA 01-2017.

Offeror _____
Company Name

Signature _____

Title _____

Date _____

NOTE: AOA HONUAKAHA reserves the right to revise any and all terms and conditions set forth in this document prior to the execution by the parties of the awarded contract. The terms of the property management agreement must be approved by AOA HONUAKAHA.

AOA HONUAKAHA
PROPERTY MANAGEMENT AGREEMENT

This Agreement is made this ____ day of _____, 2010, by and between **AOA HONUAKAHA** hereinafter called the "AOA" and _____, a Hawaii Corporation, and having its office at _____ in _____, Hawaii, hereinafter called the "Agent".

In consideration of the terms, conditions and covenants hereinafter set forth, the parties mutually agree as follows:

1. **APPOINTMENT AND FUNCTION OF AGENT**

- A. Appointment of Agent: The AOA hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive managing Agent of the AOA and the subject condominium property known as **HONUAKAHA** located at **545 Queen Street, Honolulu, Hawaii** hereinafter referred to as the "Project".
- B. Function of Agent: The Agent fully understands that the function of the AOA is the operation and management of the AOA and the Project. The Agent agrees, notwithstanding the authority given to the Agent in this Agreement, to confer fully and freely with the Board of Directors of the AOA ("Board") in the performance of its duties as herein set forth. It is further understood and agreed that the authority and duties conferred upon the Agent hereunder are confined to the common elements and common facilities as defined in the Declaration of Horizontal Property Regime ("Declaration") for the Project, the By-Laws of the AOA, the House Rules and any other rules and regulations. Such authority and duties do not and shall not include supervision or management of individual units except as may be covered by separate agreement.
- C. Independent Contractor Status: It is expressly understood that Agent is to perform services as an independent contractor. In no event shall Agent

be deemed the employee of the AOA. It is further understood that the individual Agents, Employees, Officers, Directors, Members, Shareholders and all other personal representatives of Agent and the AOA are not parties to this Agreement.

2. TERM OF AGREEMENT

The term of this Agreement shall be for the period: **January 1, 2011 to December 31, 2013.**

The AOA shall have the option to extend this Agreement for two (2) additional periods of twelve (12) months each.

3. EMPLOYEES OF THE AOA

The Agent will employ an on-site manager or such other employees as the Board approves to staff the Property, hereinafter collectively called the "on-site personnel". Agent will direct and supervise on-site personnel, but they will at all times be employees of the AOA and not of Agent. As part of its authority to direct and supervise the on-site personnel, Agent may reprimand or suspend the on-site personnel, subject to the written approval of the President of the Board or the Board's designated representative. Agent may also recommend the dismissal of any of the on-site personnel. Agent shall be responsible for soliciting employment applications for the on-site manager and all other on-site personnel positions. Agent shall also be responsible for interviewing all applicants and submitting qualified applicants to the Board. The authority to hire or dismiss the AOA's employees shall rest solely with the Board.

4. DUTIES OF AGENT

Agent's duties under this Agreement are those of an Agent with limited powers and responsibilities. Except in an emergency, the Agent's authority to act for the AOA is limited to those duties stated in this Agreement.

5. SERVICES PROVIDED BY THE AGENT

Under the direct supervision of the Board, or one of its designated representatives, the services provided by the Agent shall be as follows:

- A. Liaison with Apartment Owners and Residents: Agent shall respond to inquiries from Apartment Owners and Residents at the Project, and assist the Board in developing good communications with unit owners.

B. Supervision of staff: Agent will communicate the Board's directions and instructions to the AOA on-site manager and personnel.

C. Inventory of properties: Agent will keep a duplicate of the inventory of the AOA owned equipment prepared by the on-site manager.

D. Supplies and Services: Agent shall solicit competitive bids when requested, based on specifications initiated by the Agent, and where necessary, by a qualified expert and with the approval by the Board, for contracts and for supplies and services, necessary to operate and maintain the Property. All contracts shall be executed by the Board in the name of the AOA. Agent shall not be permitted to sign contracts on behalf of the AOA, unless specifically authorized by a written resolution of the Board. Except in emergencies, Agent shall not authorize expenditure over **\$500.00** for any particular non-budgeted repair or replacement. Agent will be reimbursed for all approved costs incurred on behalf of the AOA.

E. Professional or Expert Advice: Agent shall not be expected or required to provide expert or professional advice on structural, architectural, legal, income taxes, security, comprehensive insurance matters, non-routine maintenance, all of which requires licensed or recognized experts in these fields.

F. Inspections: Agent shall make inspections of the common elements of the Property regularly. The Board shall have the sole responsibility to authorize all repair, restoration, or maintenance. Agent claims no expertise in discovering construction defects and maintenance problems and shall have no liability for latent defects or problems.

(1) Monthly: Agent will perform at least once a month a site inspection of the premises, supplies, and equipment and submit a monthly report to the AOA Board of Directors.

(2) Annual: Agent will perform an annual inspection of the Project with at least one designated member of the Board.

G. Meetings: At the request of the Board, Agent will prepare and deliver routine notices, Agendas, and minutes for the Board and Owners' meetings per Addendum A. The Board or its designated representative, shall be responsible for reviewing and approving any notices, agendas, or minutes, prepared by the Agent.

H. Reports: Agent will prepare financial reports and an annual budget for the Board per Addendum A. The Board will appoint a qualified professional to prepare and file income tax returns for the AOAO. Agent will provide necessary information to the designated tax preparers.

I. Collections: Agent will collect maintenance fees and assessments for the AOAO per Addendum A and will disburse the funds of the AOAO for expenses guided by the budget as approved by the Board. The AOAO's counsel will represent the interest of the AOAO for the collection of delinquent accounts, in accordance with the Board's policy as shown on Addendum A.

J. Bank Account for Operating and Reserve Funds: Agent will maintain in the name of the AOAO, one or more separate bank accounts in federally insured financial institutions within the State of Hawaii for deposit of the AOAO's operating, security key deposit and transmitter deposit funds. AOAO shall pay all bank charges, fees and costs for checks for the AOAO's account. Interest earned, if any, on the balance in the AOAO's account shall be credited to the AOAO. Agent is required by AOAO to handle AOAO's Reserve funds, said funds shall be placed in federally insured institutions in the State of Hawaii in the name of the AOAO with all interest credited to the AOAO.

Agent shall not commingle any AOAO funds with either Agent's or other AOAO funds. Agent shall not make any telephonic transfer of funds.

K. Insurance: At the direction of the Board or its designated representative, Agent will solicit bids, make recommendations and place all insurance in amounts determined by the Board.

L. Records: Agent will not be held responsible and will charge an additional fee to prove the accuracy, completeness, or lack of any administrative or fiscal records prior to the commencement of this Agreement. Agent will keep records of the AOAO, including a current list of owners. Agent may retain any transfer fee between the Buyer and Seller. Agent will retain records in accordance with AOAO's record retention policy. All materials which are not essential to Agent's function will be released to the AOAO for storage or disposition, and Agent will be relieved of any responsibility to provide released records to governmental authorities.

M. Accounting Records: All accounting records including but not limited to audits, statements of cash receipts and disbursements, journals, individual owner's ledgers, bank accounts, payroll records, and any other

accounting records of the AOA shall be made available to the Treasurer of the AOA or its designated representative. Other owners who wish access to accounting records shall furnish duly executed and acknowledged affidavits stating that the information is requested in good faith for the protection of the interests of the AOA or its members or both.

6. MANAGEMENT FEES

A. Monthly Fees: Agent's Fees will be an operating expense of the Property, and will NOT be paid in advance.

B. Start-Up Fee: Agent will not receive a start-up fee.

C. Fee Increases: After the initial term, any adjustment to the Agent's fee shall be by mutual agreement with the AOA Board of Directors.

D. Fees for Other Services: Agent will not receive undisclosed fees, rebates or discounts. All discounts and rebates secured by the agent will be credited in full to the AOA. Specific details of Agent's duties and special conditions are contained in the attached Addendum A. Agent may charge and retain fees for extra services to the AOA or Unit Owners (Agent to provide Schedule of fees).

7. INSTRUCTIONS

Agent will take its instructions only from the Board or its designated representative. Agent shall assume that any instructions from the President or designated representative are given with the express approval of the Board. If any dispute arises as to the validity of instructions to Agent, Agent may require the instructions be contained in the minutes as written motions or resolutions adopted by the Board.

8. INDEPENDENT AUDIT

An audit of the books and records of the AOA and an unannounced verification of the AOA's cash balance shall be made annually and at such other times as the AOA may direct, at the AOA's expense, by a firm of independent Certified Public Accountants selected and approved by the AOA. The Agent will cooperate with said independent Certified Public Accountants in the performance of their audit and unannounced verification of the AOA's cash balance.

9. MINIMUM BALANCES/RESERVES/DEPOSITS/ADVANCES

The Agent shall maintain at all times a minimum balance in the AOA operating account adequate to fund budgeted expenses and reserve account per reserve study. Agent shall deposit all excess funds of the AOA into interest bearing accounts in a federally insured financial institution in the State of Hawaii in accordance with the Board's instructions. Agent shall transfer funds between reserve and operating accounts in accordance with the Board's instructions. Agent will not advance funds for the AOA nor be liable for expenses incurred because of unavailability of AOA funds.

10. HOLD HARMLESS

Except for willful misconduct or negligence by Agent, the AOA will defend and hold Agent harmless against all claims, demands, losses, liabilities and damages of every kind and nature arising from any cause whatsoever when Agent is acting under this Agreement or the instructions of the Board of its designated representative.

11. INSURANCE

A. Agent shall procure and maintain for the entire duration of this Agreement and any extension thereof, and until formally terminated by the AOA, the required insurance coverage as set forth below. Agent agrees to pay the full amount of its insurance deductible in accordance with the terms of the Agent's insurance policy or policies. Deductible levels shall not exceed the minimum deductible, as approved by the AOA per occurrence on any policy.

B. All insurance shall be procured from a company licensed to do business in the State of Hawaii and placed with a carrier possessing an A.M. Best's Rating of B+VI or better. The policy must provide that the required coverage cannot be canceled without notice to the AOA at least thirty (30) days before the effective date of such cancellation. AOA may, at its sole discretion, add, raise, waive or reduce in limits, any insurance coverage required under the Agreement.

C. Notwithstanding the Agent's requirements for insurance hereunder, the Agent, on behalf of the AOA will procure, recommend and receive AOA approval for the following insurance coverages:

- a. General Liability Insurance;
- b. Fire and Extended Coverage (building/property insurance);
- c. Hurricane Insurance, if applicable; and

d. Directors and Officers Insurance.

D. The Management Agent's requirements for the insurance coverage hereunder, the Agent, at Agent's own expense will procure the following insurance coverage with the minimal limits to be approved by the AOAO:

- a. Worker's Compensation Insurance. The Management Agent shall obtain and maintain during the term of the contract, Worker's Compensation Insurance including Employers Liability and shall apply and be in accordance with all Hawaii Statutory requirements.
- b. Comprehensive General Liability Insurance. Agent, including its contractors and subcontractors, shall obtain and maintain during the term of the contract, coverage for "bodily injury" (including products liability, death, public liability & personal injury) and "property damage" with a Combined Single Limit in an amount not less than \$1,000,000 per occurrence. In addition, the Policy shall also provide "Fire Damage-Legal Liability" coverage in an amount not less than \$500,000 per occurrence. This endorsement provides coverage for fire damages (from negligent acts, fire, explosion, etc.) to the property while in the care, custody and control of the Agent and for which the Agent could be held legally liable. The Certificate of Insurance for General Liability Insurance shall include the AOAO as additional insureds/loss payees.
- c. Comprehensive Automobile Liability Insurance. Agent shall obtain and maintain during the term of the Agreement, coverage on all motor vehicles owned and non-owned, hired, leased or otherwise used by the Lessee. This insurance shall provide coverage for "bodily injury" (including death) and "property damage" with a Combined Single Limit of not less than \$1,000,000 per occurrence. Such liability is limited to occurrences on job sites and/or scope of services and shall be in accordance with all Hawaii statutory requirements.
- d. Professional Liability (Errors and Omissions) Insurance. The Agent shall obtain and maintain at the expense of the Agent during the term of the Contract, professional liability insurance while performing all work and/or services pursuant to the contract protecting against claims for damages which may arise from the operations under the contract, whether such operations be by the Agent or by any employees, agents or representatives of the Agent. Limits for this coverage shall not be less than \$1,000,000 per occurrence.
- e. Commercial Crime Insurance (including coverage for employee dishonesty; computer fraud; theft; disappearance and destruction,

and forgery and alteration) with limits of \$1,000,000 per occurrence.

12. FIDELITY BOND

Agent shall at all times maintain a fidelity bond in a reasonable amount that protects the AOA, as well as itself, but under no circumstances less than the amount required by City, State or Federal regulations.

13. TERMINATION

After the term of this contract, this Agreement may continue year to year, but may be terminated on 30 days written notice by either party at any time. Such termination will be without prejudice to the rights and remedies either party may have against the other. After termination of this contract, the Agent will turn all keys, records, and files, digital and hardcopy, to the new Agent and assist in an orderly transition.

14. DISPUTE AND ARBITRATION

If a dispute or breach should arise, the aggrieved party will serve written notice of the dispute upon the other party. If any claim or dispute arising out of the construction, validity, performance or alleged breach of this Agreement cannot be resolved by mutual agreement, the AOA and Agent agree to submit to binding arbitration under the rules of the American Arbitration AOA. The decision of the arbitrators shall be final and may be entered in any court of competent jurisdiction. This agreement to arbitrate expressly excludes either party's right to bring other legal or equitable action concerning its obligations under this Agreement, except when Agent is made a party to legal action filed by a third party as a result of Agent's duties under this Agreement.

15. MISCELLANEOUS

This Agreement and attached Addendum A are the entire Agreement between the parties and supersede all other agreements whether oral or written and may not be modified or waived except in writing and signed by both parties. Notices by one party to the other should be in writing and delivered or sent by certified mail to the other at its regular address. This Agreement will bind and inure to the benefit of the parties and their successors and assigns.

16. VOID OR UNENFORCEABLE TERMS

_____,
A Hawaii Corporation

**ASSOCIATION OF
APARTMENT OWNERS**

By _____
By _____
Its _____ President Its AOA

ADDENDUM A
PROPERTY MANAGEMENT AGREEMENT
AGENT'S DUTIES AND OTHER INSTRUCTIONS

ADDRESS: 545 Queen Street, Honolulu, Hawaii
TERM:
MANAGEMENT FEE: \$_____ per month, plus GET (presently 4.712%)

Frequency

I. ACCOUNTING, BILLING, DISBURSEMENTS AND REPORTING

- A. Prepare budget..... annual by Sept 30
- B. Charge each owner for maintenance fees.
and periodically, special assessments..... monthly
as directed
- C. In addition to the above, bill for and collect the following:
- | | |
|---|--------------|
| 1. Transfer fee (change of ownership – charge new owner)... | as occurs |
| 2. Condominium Document request (charge owner) | as requested |
| 3. Disclosure forms, including Lender's document (charge owner) | as requested |
| 4. Government registration and filing (charge AOA at cost) | as required |
| 5. Legal fees (as directed by Board at cost). | as directed |
| 6. Reserve study (charge AOA at cost) | as directed |
| 7. Insurance policies (charge AOA at cost)... | as required |
- D. Use of "direct-pay" or coupon book in lieu of monthly bill monthly
- E. Follow up on delinquency by notices, warnings and by lien-threat letters.
Delinquency follow-up policy is:
- | | |
|--|-----------|
| 1. Late fee in the amount of \$25.00 applied on the 10 th day of the month | as occurs |
| 2. Send 1 st late fee notice on the 16 th day of the month | as occurs |
| 3. Send 2 nd late fee notice on the 30 th day of delinquency | as occurs |
| 4. Send 3 rd late fee notice on the 60 th day of delinquency. | as occurs |
| 5. Forward for legal action to Attorney for Foreclosure
after the _90 th _ day of delinquency..... | as occurs |
| 6. Delinquency report will be sent to the Board..... | monthly |
- F. Prepare and submit by the 15th day of the month, financial reports for the Board,
which shall include actual monthly and year-to-date income and expenses, in
comparison to budgeted income and expenses:
- | | |
|---|---------|
| 1. Statement of Receipts and Disbursements with Budget Variance Report. | monthly |
| 2. Budget Update..... | monthly |

3. Modified Statement of Asset, Liabilities and Net Worth.	monthly
4. Transactions Journal.....	monthly
5. Reconciliation of Maintenance Fees.....	monthly
6. Schedule of Reserve Accounts.....	monthly
7. Schedule of Prepaid Collections.....	monthly
8. Schedule of Outstanding Collections (Aged Receivables).	monthly
9. Schedule of Outstanding Bills (Aged Payables).....	monthly
10. Collection of assessments, rents, etc, (if applicable).....	monthly

G. Maintain payroll records, time sheets, sick leave / vacation schedules, pay all property employees, prepare and submit reports to governmental agencies and group medical plans (Agent, may subcontract all payroll requirements to a payroll service and bill AOA with Board approval)... monthly

H. Assist property's auditor in providing:

1. Confirmation of reserves.....	as requested
2. Schedules of payments, receivables, and reconciliation thereof	as requested
3. Listing of capital expenditures.....	as requested

Frequency

II. COMMUNICATIONS, CORRESPONDENCE, AND RECORDS

A. Month-End Mailing

1. Mail statements of receipts and disbursements to Board...	as requested
2. Mail property newsletter to owners.....	as directed

B. Prepare general correspondence specifically related to the management of the property..... as directed

C. Maintain file for Insurance policy expirations and renewal instructions from the Board..... as due.

D. Maintain files and records of property and retain pursuant to Association's Records Retention Policy..... as required

E. Maintain list of owners and record changes of ownership..... as occurs

III. MEETINGS - STANDARD PROVISION

A. Meetings - Owner – Agent to attend Annual Meeting

1. Mailing and Preparation:

- 1) Notice of meeting;
 - 2) Proxy for Quorum;
 - 3) Return envelope, postage pre-paid;
 - 4) Master agenda;
 - 5) Owners' agenda;
 - 6) Ballots;
 - 7) Financial statements;
 - 8) Minutes for prior Annual Meeting;
 - 9) Room reservation;
 - 10) Other.
2. At the Annual Meeting
 - 1) Have a current list of owners;
 - 2) Verify quorum status;
 - 3) Verify proxy check-in;
 - 4) Have annual audit reports available for owners;
 - 5) Have previous annual meeting minutes available for owners;
 - 6) Have any documents or reports available for owners as directed by the Board of Directors;
 - 7) Verify election results;
 - 8) Record minutes of the meeting and Agent duplicates minutes
 - a) Agent mail to all Board members
 - b) Agent mail to all owners, upon unit Owners request and expense
 - 9) Organizational meeting with the Board of Directors following the Annual Meeting.

B. Meetings - Board of Directors – Agent to attend Regular meetings

1. Meetings and render management reports
 - 1) Mailing and Preparation of Regular meetings;
 - 2) Notice of meeting;
 - 3) Verify quorum status;
 - 4) Agenda;
 - 5) Financial Statements;
 - 6) Minutes of previous meeting; and
 - 7) Other required information or reports.
2. Minutes
 - 1) Agent records
 - 2) Agent types and duplicates minutes
 - 3) Agent mails to all Board members
 - 4) Agent mails to all owners, upon unit Owners request and expense

IV. Inspections

1. Perform regular inspections of a minimum of one (1) per month of the common area, limited common areas and building facilities and render

inspection report to the Board.

2. Perform one (1) annual inspection of the common area elements and building facilities with a representative of the Board and render inspection report to the Board.

V. List of the following current consultants or vendors (AOAO to provide):

Legal:
CPA/Account:
Insurance:
Plumbing:
Electrical:
General Maintenance:
Landscaping:
Elevator:
Roofing:
Security:
Refuse:
Other.

VI. Expenditures

Except in the case of emergencies, Agent shall not make any expenditure over **\$500.00** for any particular non-budgeted repair or replacement without instructions from the President or designated representative.

_____,
A Hawaii Corporation

ASSOCIATION OF
APARTMENT OWNERS

By _____
Its _____
Date _____

By _____
Its AOA President
Date _____